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FOR PM/DTCC PETER SABATINI

E.O. 12958: DECL: 08/18/2019
TAGS: [CA](#) [ETTC](#) [IS](#) [KOMC](#) [GG](#)
SUBJECT: GEORGIA: BLUE LANTERN PRE-LICENSE END USE CHECK ON
LICENSE APPLICATION 050179751 AND APPROVED LICENSE 050179420

REF: SECSTATE 82651

Classified By: Ambassador John F. Tefft for reasons 1.4 (b) and (d).

¶1. (C) In response to reftel, Post provides the following answers. Unfortunately, per reftel para four, copies of the acquisition contracts are not attainable as they are classified in the Georgian system as "GEORGIAN CONFIDENTIAL."

We have no agreement on sharing classified documents between the United States and Georgia, therefore it is not possible to obtain copies of the contracts.

¶2. (C) The DATT was allowed to read the contracts in Deputy Minister of Defense for Acquisitions Otar Berdzenishvili's office, and noted that the value of the contracts greatly exceeded the license value. The license value for 050179751 was USD 477,375.00 and the Ministry of Defense was being charged by Paz logistics USD 1,015,000; the license value for case 050179420 was USD 69,245, and the Ministry of Defense was being charged USD 295,146 for the purchase. Berdzenishvili stated that the Ministry of Defense has had successful dealings with Paz Logistics since 2005 and wants to continue the relationship, even though the cost of the transactions seems to him to be quite high. He asked that this sale be allowed to proceed despite the high cost as these articles were a high priority for the Minister of Defense and Georgian Armed Forces. He stated that Paz logistics had come through on their past deals, provided greater transparency, and did not obscure where money flows. However, he did blame Paz logistics for putting a statement of purpose reading: "STATEMENT OF PURPOSE: For use by the Defense Forces Border Guard, Georgia Ministry of Defense." Berdzenishvili said that Paz representative insisted that this be the entry as this would accelerate the approval process; DATT disabused Berdzenishvili of this possibility.

¶3. (C) Berdzenishvili noted, however, that in the future he intends to move away from three and four party sales contracts for U.S.-produced material. He stated he was currently saddled with bad procurement decisions of past ministers and it would take some time to clean all the bad contracts from the system. He predicted it would take 18-24 months before he could accomplish his goal of making the MOD acquisition process fully functional at normal western standards.

TEFFT